

## LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and loan facilities from banks and its ultimate holding company. As at 30th September 2001, the Group had total outstanding borrowings of approximately HK\$36,523,000. With respect to foreign exchange exposure, the risk is rather low as only a small portion of the Group's foreign currency assets and borrowings are denominated in Renminbi. The impact of exchange rate fluctuations of these currencies is relatively insignificant to the Group.

As at 30th September 2001, the Group's cash and bank balances amounted HK\$1,545,000 and had assets of approximately HK\$142,271,000. Current assets of the Group on the same date amounted to approximately HK\$72,776,000 whilst current liabilities were HK\$54,446,000. The gearing ratio, calculated by dividing the total debts by the total assets, was equalled to 0.26 as at 30th September 2001.

